



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

February 26, 2001

H.R. 256

A bill to extend for 11 additional months the period for which chapter 12 of title 11 of the United States Code is reenacted

As ordered reported by the House Committee on the Judiciary on February 14, 2001

H.R. 256 would extend chapter 12 of title 11 of the U.S. Code until June 1, 2001. Chapter 12, which was created by the Bankruptcy Judges, United States Trustees, and Family Farmer Bankruptcy Act of 1986 (Public Law 99-554), specifies bankruptcy procedures available only to family farmers with regular annual income and is intended to facilitate an efficient and expeditious bankruptcy process. The authorization for such bankruptcy proceedings expired July 1, 2000.

CBO estimates that enacting H.R. 256 would have no significant budgetary impact. It would result in a small loss of offsetting collections to the U.S. Trustee System Fund, thus causing an insignificant increase in net outlays from this fund in 2001. In addition, CBO estimates that enacting H.R. 256 would result in a negligible loss of offsetting receipts and revenues in 2001. Because H.R. 256 would affect direct spending and governmental receipts pay-as-you-go procedures would apply. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

Based on information from the Executive Office of the United States Trustees, CBO expects that, without the temporary extension of chapter 12, family farmers filing for bankruptcy would split their filings about evenly between chapter 11 and chapter 13. Chapter 12 has a \$200 filing fee and does not require the bankrupt party to pay quarterly fees to the government. Chapter 11, in contrast, requires an \$800 filing fee as well as quarterly filing fees. (On average, \$1,000 is collected per case.) Chapter 13 requires only a \$130 filing fee.

Bankruptcy fees are recorded in three different places in the budget. Portions of the fees are recorded as governmental receipts (revenues), as offsetting collections to the appropriation for the U.S. Trustee System Fund, and as offsetting receipts to the Administrative Office of the United States Courts (AOUSC). The percentage of the fees allocated among these accounts varies by chapter. Because only 300 to 400 bankruptcy cases are likely to be affected by the bill, it would have only a small effect on the amount of fees collected in 2001.

The CBO staff contact for this estimate is Lanette J. Walker. This estimate was approved by Robert A. Sunshine, Assistant Director for Budget Analysis.